REMARKS/ARGUMENTS

Claims 1, 3-7, 9-21, 23-41, 63-68, 70 and 71 remain pending in the instant application (hereinafter, the '444 Application). It is believed that the following remarks address and resolve all issues presented in the final Office Action dated February 9, 2007. Numbered subtitles used herein reflect the numbering of issues presented in the aforementioned the Office Action.

CLAIM REJECTIONS – 35 U.S.C. § 103

1-2.   Newell, Lion and Young:

Claims 1, 12, 18-19, 23, 26, 28, 29 and 31 stand rejected as being unpatentable over U.S. Patent No. 5,159,560 ("Newell") in view of U.S. Patent No. 6,330,491 ("Lion") and U.S. Patent No. 7,058,581 ("Young"). Respectfully, we must disagree and traverse the rejection, for at least the following reasons.

Claim 1: In order to establish *prima facie* obviousness over claim 1, Newell in view of Lion and Young must teach or suggest a method for distributing optical recorded media to and from users, including each of the following steps:

> **(a)** coupling one or more kiosks to a central server via the Internet, each of the kiosks containing a plurality of optical recorded media;
>
> **(b)** determining, at the server, inventory of the optical recorded media of each of the kiosks;
>
> **(c)** routinely obtaining, at the server, operational status of each of the kiosks;
>
> **(d)** automatically interfacing with a first user via a touch screen at a first kiosk in a first transaction for first local optical recorded media, the touch screen providing a touch-selectable listing of optical recorded media, including the first local optical recorded media, contained within the first kiosk, the first kiosk being one of the kiosks, the first user being one of the users;
>
> **(e)** automatically communicating between the first kiosk and the server to authorize the first transaction;
>
> **(f)** dispensing the first local optical media from the first kiosk to the first user if the first transaction is approved; and

(g) accepting return of the first local optical media into rentable inventory of a second kiosk, the second kiosk being another one of the kiosks.

The Examiner notes (and we agree) that:

> "Newell et al is silent with respect to kiosk attached to a server via the internet; automatically communicating between the first kiosk and the server to authorize the first transaction; dispensing the first local optical media based of [*sic.*] the authorization; and a touch screen interface providing a touch-selectable listing of optical recorded media contained within the first kiosk." Office Action, paragraph spanning pp. 3-4.

In order to make up for the deficiencies of Newell, the Examiner relies upon Lion and Young. However, *Lion and Young are not prior art to the '444 Application*.

Lion has an effective date of July 21, 1999. Young has an effective date of December 20, 1999. In contrast, the '444 Application claims priority to two provisional applications, U.S. 60/135,851, filed **May 25, 1999** ("the '851 Provisional") and U.S. 60/143,601, filed **July 13, 1999** ("the '601 Provisional"). Hence, the '444 Application antedates Lion and Young. Exemplary support for the claim 1 elements that the Examiner asserts in Lion or Young (and for the remaining claim 1 elements) is provided below. Collectively, the '601 and '854 Provisionals are hereinafter referred to as "Parent Provisionals."

Claim 1 Elements Asserted in Lion or Young:

Element (a): Support for a kiosk attached to a server via the Internet, is for example found in the claims of the '851 Provisional. Claim 3 recites "A DVD kiosk comprising…a CPU for controlling the kiosk, the carousel and internal operations and an Internet connection for providing, with the CPU, availability, making reservations, and paying for disk rental and/or purchase." Claims 4 and 6 of the '851 Provisional likewise support a kiosk attached to a server via the Internet. These claims recite steps of "connecting one or more DVD kiosks together to a central server," see claim 4, and "utilizing the Internet for the step of connecting." See Claim 6.

Further support in the Parent Provisionals for linking a kiosk and a server via the Internet includes:

- "Internet-based reservations can be made through the company website." Parent Provisionals, p. 1, ¶3 of "FreeFlyr Automation" section;

- *"The kiosk... will be capable of acting as a stand-alone device or as a device integrated into a web-based network.* The Server side of the network will be defined later but the Kiosk should allow for the following: Interrogation of the database by the Server. Reservation of a DVD by a User via the Server. Notification to the Server of error conditions." Parent Provisionals, p. 1, ¶3 of "FreeFlyr Automation Kiosk System" section, emphasis added;
- recitation of "Allow reserving movies? (Later, charged through internet)?" Parent Provisionals, p. 4, item 4 of "FreeFlyr Automation Kiosk System" section;
- recitation of "ON-line help", Parent Provisionals, p. 4, item 6 of "FreeFlyr Automation Kiosk System" section;
- recitation of "Web-based updates," p. 6, subsection "User Interface Maintenance" of "FreeFlyr Automation Kiosk System" section;
- "In addition, *continual information is transmitted via data lines from each kiosk to a central server* that can provide; [*sic.*] real-time transaction monitoring, local consumer trends, stocking requirements, operating efficiency data, and security information." Parent Provisionals, page titled "Fully Automated Rental and Sale of DVD Movies," box titled "Opportunity;" and
- "The software guides each customer through HTML linked pages that connect to the database." Parent Provisionals, p. 1, ¶1 of "Disk Transfer Process" section.

Element **(d)**:   The Parent Provisionals also antedate and support the touch screen of claim 1 element **(d)**, for example in reciting:

- "User Interface, Touch Screen control," Parent Provisionals p. 2 of "Freeflyr Automation" section, under "Software;" and
- "The user interface will be a touchscreen monitor." Parent Provisionals p. 3, ¶1 of "Freeflyr Automation Kiosk System" section

In addition, a touch-selectable listing of optical recorded media is supported in the "General Touch Screen Flow Chart" and Screen Shots, Parent Provisionals, pp. 6-8 of "Freeflyr Automation Kiosk System" section. The touch selectable listing is also supported by the recitation that "From the simple touch screen selections, customers can pick one or more movies and specify rental or sale." Parent Provisionals, p. 1, ¶1 of section entitled "Disk Transfer Process."

Element **(e)**:   The Parent Provisionals additionally support automatically communicating between a first kiosk and a server to authorize a first transaction [for first local optical recorded media]. For example, the '851 Provisional recites a DVD kiosk

with *"an Internet connection for providing, with the CPU, availability, making reservations, and paying for disk rental and/or purchase.*" Claim 3, emphasis added. See also the credit card prompt screen shots in the Parent Provisionals, on p. 8 of the "Freeflyr Automation Kiosk System" section.

"In addition, continual information is transmitted via data lines from each kiosk to a central server that can provide; real-time transaction monitoring, local consumer trends, stocking requirements. Operating efficiency data, and security information." Parent Provisionals, page titled "Fully Automated Rental and Sale of DVD Movies," box titled "Opportunity," emphasis added.

Element (f):   The Parent Provisionals also support dispensing first local optical media based on the authorization. For example:

- "Approval or denial of credit card is accomplished via phone line connection to a third party provider. If accepted the transaction is attached to the card, approval for the price of the disk is entered and the disk dispensing system is activated." Parent Provisionals, p. 1, ¶of section titled "Disk Transfer Process;"

- "Upon selection a cue will be made for the insertion of a credit card into the card reader. The software will attach the approved transaction to the selected disk. The selection will then trigger the hardware to locate and retrieve the selected disk from the jukebox. The jukebox will hand off the disk to the transport mechanism.. The transport mechanism will deliver the disk to and through the dispensing slot to the customer." Parent Provisionals, p. 1, ¶4 of "Freeflyr Automation" section; and

- "Collect and store credit card # authorized for sales price of individual disk, actual charge is rental price per day held, up to sales price." Parent Provisionals, "Critical Item" #1 on p. 3, ¶4 of section titled "Freeflyr Automation Kiosk System."

Claim 1 Elements Not Asserted in Lion or Young:

Elements (b), (c) and (g):   The Examiner does not rely upon Lion or Young for teaching or suggestion of these claim elements. However, we wish to point out that elements **(b)**, **(c)** and **(g)** are likewise supported by the Parent Provisionals, and therefore also antedate both Lion and Young. Support for elements **(b)**, **(c) and (g)** includes the following:

- "Internet-based reservations can be made through the company website." Parent Provisionals, p. 1, ¶3 of "Freeflyr Automation" section;

- "The kiosk will be programmable on site and/or through remote access…The Kiosk should allow for the following: Interrogation of the database by the Server. Reservation of a DVD by a User via the Server. Notification to the Server of error conditions." Parent Provisionals, p. 1, ¶3 of "Freeflyr Automation Kiosk System" section;

- "In addition, continual information is transmitted via data lines from each kiosk to a central server that can provide; real-time transaction monitoring, local consumer trends, stocking requirements, operating efficiency data, and security information. Parent Provisionals, page titled "Fully Automated Rental and Sale of DVD Movies," box titled "Opportunity;"

- "Soon, it will be possible to check for title availability and make reservations at specific kiosks over the Internet." Parent Provisionals, page titled "Fully Automated Rental and Sale of DVD Movies," box titled "Consumer Benefits;"

- "A DVD kiosk comprising…a CPU for controlling the kiosk, the carousel and internal operations and an Internet connection for providing, with the CPU, availability, making reservations, and paying for disk rental and/or purchase." '854 Provisional, claim 3;

- "A method for evaluating DVD disk usage and/or sales, comprising the steps of: connecting one or more DVD kiosks together to a central server; polling the DVD kiosks for local consumer trends, marketing information, security information and/or disk quality; and compiling data suitable for marketing with respect to the DVD disks in the kiosks." '854 Provisional, claim 4;

- "The kiosk will be programmable on site and/or through remote access. It will be capable of acting as a stand-alone device or as a device integrated into a web-based network." Parent Provisionals, p. 1, ¶3 of "Freeflyr Automation Kiosk System" section.

- "An initial sensor will detect if the disk belongs *to the system* and activate the solenoid to open the door gate." Parent Provisionals, p. 1, ¶3 of section entitled "Disk Transfer Process, " emphasis added.

Claim 1 is supported by the Parent Provisionals, and thus antedates Lion and Young; hence, Lion and Young are unavailable as prior art. The Examiner admits that Newell alone fails to teach or suggest each and every element of claim 1. *Prima facie* obviousness is not established, and the §103 rejection fails for at least this reason.

Claims 12, 18, 19, 23, 26, 28, 29 and 31: These claims depend from claim 1, and benefit from like argument, namely, that Lion and Young are not prior art to the '444 Application and that Newell does not render claim 1 *prima facie* obvious. Courts have ruled that if an independent claim is nonobvious under 35 U.S.C. § 103, then any claim depending therefrom is nonobvious. In re Fine, 837 F.2d 1071.5 USPQ2d 1596 (Fed.

Cir. 1988). Claims 12, 18, 9, 23, 26, 28, 29 and 31 are therefore allowable for at least this reason. Additional reasons for patentability of these claims over the cited art include, but are not limited to, the following:

Claim 18 recites automatically communicating between a second kiosk and the server to authorize a second transaction. The Examiner has noted that Newell is silent with respect to automatically communicating between a first kiosk and a server to authorize a transaction. Newell also does not teach or suggest this step as applied to a second kiosk.

The rejection of **claims 26 and 29** rely upon Lion, which is not prior art to the '444 Application. The effective date of Lion is approximately two months after the filing date of the '851 provisional and eight days after the filing date of the '601 Provisional. As noted above, the '444 Application claims priority to both of these provisionals and hence antedates Lion.

Absent Lion, Newell does not teach or suggest all of the elements of claim 26 or claim 29. For example, as the Examiner notes, Newell is silent as to managing kiosks via a server through a personal computer connected to the internet (claim 26). Also, as the Examiner notes, Newell is silent with respect to determining inventory levels via an internet connection (claim 29). *Prima facie* obviousness is not established.

In addition, the limitations of claims 12, 19, 23, 28 and 31 are not taught or suggested by Newell, in the context of base claim 1. We accordingly request withdrawal of the Examiner's rejection, and allowance of all claims 1, 12, 18, 19, 23, 26, 28, 29 and 31.

3. **Newell, Lion, Young and Koenck:**

Claims 3-7 stand rejected under 35 U.S.C. 103(a) as being unpatentable over Newell in view of Lion and Young, and further in view of U.S. Patent No. 6,688,523 ("Koenck"). Again, we respectfully disagree and traverse the rejection.

Each of these rejections depends from claim 1, argued above, and benefits from like argument. For example, Lion and Young are not prior art to the '444 Application. Adding Koenck does not provide the features purported in Lion and Young, since it

pertains to a system for reading optical media, and does not teach or suggest any of claim 1 elements **(a) – (g)**. Claim 1 is therefore nonobvious in view of the remaining available references– Newell and Koenck*. As noted above, if an independent claim is nonobvious, then any claim depending therefrom is nonobvious. Claims 3-7 are allowable over the cited combination for at least this reason. Hence, we respectfully request withdrawal of the Examiner's rejection, and allowance of claims 3-7.

     * Note - We assume that the reference to Kanoh (Office Action p. 10, ¶3) is an artifact of a prior Office Action, since Kanoh is not listed, mentioned or relied upon elsewhere in the pending Office Action.

4.   Newell, Lion, Young and Koenck:

     Claims 9-11 stand rejected as being unpatentable over Newell in view of Lion, Young and Koenck, and further in view of U.S. Patent 4,608,679 ("Rudy"). We again respectfully disagree and traverse the rejection. Lion and Young are not prior art to the '444 Application. As shown above, Newell and Koenck, alone or in combination, do not teach or suggest all of the elements of claim 1 (from which claims 9-11 depend). Adding Rudy does not remedy the failure of Newell and Koenck to establish *prima facie* obviousness over claim 1. Rudy pertains to an optical storage and retrieval device and is silent as to (among other elements) features that the Examiner admits are absent from Newell, and that are also absent from Koenck (see arguments for claims 3-7, above). For example, Rudy does not teach or suggest:

- a kiosk attached to a server via the internet;
- automatically communicating between the kiosk and the server to authorize a transaction;
- dispensing optical media based on the authorization; or
- a touch screen.

Therefore, the remaining references (Newell, Koenck and Rudy) cannot and do not establish *prima facie* obviousness over claim 1. By extension, they also cannot and do not establish *prima facie* obviousness over claims 9-11.

     Further in support of **claim 9**, the Examiner notes (and we agree) that Newell and Koenck are silent with respect to sensing characteristics of a case housing first optical

media to determine if the characteristics match a predetermined characteristic associated with a kiosk. Respectfully, Rudy also fails to teach or suggest this limitation. The passage cited in support of the Examiner's assertion to the contrary in fact describes a mechanism for determining "whether a cartridge 30 is in the input/output slot 54." Rudy col. 7, lines 15-16. In particular, "position sensor 60 is used to verify that the cartridge 30 is inserted far enough into the input/output slot 54 so that the cartridge 30 is properly positioned for gripping by the carriage 120." Rudy col. 6, line 67 – col. 7, line 2.

Verifying whether a cartridge is properly positioned is different from sensing characteristics of a case to see if the characteristic matches one associated with a particular kiosk. For example, as recited in the '444 Application, "An initial sensor detects if the recorded disk belongs to the system and activates a door mechanism to allow placement of the recorded disk in the opening. *If the recorded disk does not register as a system disk, the door mechanism will not allow the disk to enter the opening*…Recorded disks are stored in case containers specific to the system; these cases may include certain lock and key structures that enable early identification of the case." Specification p. 3, line 31 - p. 4, line 6. On the other hand, Rudy's position sensor engages once a cartridge is already positioned within the input/output slot 54. See Rudy col. 6, line 67 – col. 7, line 27.

We submit that determining from a cartridge whether a cartridge is positioned for acceptance (e.g., not crooked) is different from sensing characteristics of a case to see if they match predetermined characteristics of a kiosk. Given this argument and the fact that claim 9 depends from nonobvious claim 1, we respectfully request withdrawal of the Examiner's rejection, and allowance of claim 9.

Claim 10 depends from claim 1 and claim 9. Claim 11 depends from claim 10, and therefore, from claims 1 and 9. Both claims 10 and 11 thus benefit from the arguments presented in support of claim 9, above. We accordingly request withdrawal of the rejection, and allowance of claims 10 and 11.

5.   Newell, Lion, Young and Maloney:

Claim 13 stands rejected as being unpatentable over Newell in view of Lion and Young and further in view of U.S. Patent No. 6,119,932 (hereinafter, "Maloney"). We

respectfully disagree and traverse the rejection, at least since claim 13 depends from claim 1, which is nonobvious in view of the cited patents. We have shown that Lion and Young are not prior art to the '444 Application. The Examiner has admitted that Newell alone does not teach or suggest all of the limitations of claim 1. Maloney is also silent as to the features missing from Newell.

Maloney pertains to an identification verification apparatus, e.g., for determining whether a person is old enough to buy tobacco products from a vending machine. Maloney does not recite or suggest attaching a kiosk to a server via the internet, automatically communicating between a kiosk and server to authorize a transaction, or dispensing any optical media, based on authorization or otherwise. Rather, Maloney recites a camera 20 coupled to detection device 24 which may be a stripe reader and which is coupled through a wedge decoder 30 to a video interface 32. The video interface is connected to a storage device 22. The wedge detector is also coupled to a microprocessor 26 with memory 28. All such connections in Maloney appear to be through coaxial cables. See Maloney col. 3, lines 43-52; FIG. 1B. Maloney is also silent as to a touch screen, instead specifying that a "User will key in the current year." Maloney col. 7, line 33 of Appendix A.

As shown, the Newell/Maloney combination (again, Lion and Young are not prior art) does not establish *prima facie* obviousness over claim 1 or, by extension, over claim 13. For at least this reason, we request withdrawal of the Examiner's rejection, and allowance of claim 13.

6.   Newell, Lion, Young, Maloney and Ogasawara:

Claims 14-17 stand rejected as being unpatentable over Newell in view of Lion Young and Maloney, and further in view of U.S. Patent No. 6,513,015 ("Ogasawara"). We again must respectfully disagree. Claims 14-17 depend from claim 1, which is nonobvious in view of Newell, Lion, Young and Maloney. Adding Ogasawara does not remedy the failure of this combination of patents.

Ogasawara pertains to an electronic shopping system that essentially alerts store personnel when a customer enters or leaves a store. The customer presents an ID card at a check-in terminal upon entering a store. The terminal images the customer and

acquires customer profile data either from the ID card or from a database maintained by the store. This data is bundled with the image into a customer record, which is then forwarded to in-store terminals so that retail staff can identify the customer.

There is no mention in Ogasawara of a kiosk linked to a server via the Internet, nor is there any teaching or suggestion of automatically communicating between the kiosk and the server to authorize a transaction. In Ogasawara, any "transactions", e.g., for merchandise, occur at the store's cash register and involve a retail employee. Hence, there is also no teaching or suggestion of dispensing optical media based upon such an authorization. Indeed, Ogasawara does not dispense anything. Adding Ogasawara to Newell and Maloney (again, Lion and Young are not prior art) does not establish *prima facie* obviousness over claim 1 or, by extension, over claims 14-17.

In addition, we submit that the Newell/Maloney/Ogasawara combination does not teach or suggest the limitations of claims 14-17, in the context of claim 1. For example, claim 17 recites transmitting images to the central server which, per claim 1, is coupled to kiosks via the Internet. This is simply not provided by Newell, Maloney or Ogasawara, alone or in combination. Withdrawal of the Examiner's rejection, and allowance of claims 14-17, are accordingly requested.

7.   Newell, Lion, Young and Tomita

Claims 20-21, 24-25 and 27 stand rejected as being unpatentable over Newell in view of Lion and Young, and further in view of U.S. Patent No. 6,965,869 ("Tomita"). Given that Lion and Young are not prior art, this rejection hinges on Newell and Tomita. Newell alone fails to establish a case of *prima facie* obviousness over claim 1 from which the above claims depend. See Examiner's note, page 3, final paragraph of the pending Office Action. Adding Tomita does not remedy this failure, namely because Tomita pertains to a point management system for managing service points issued to customers. Tomita does not dispense any physical item, especially not from a kiosk, and is silent as to optical media, the Internet or any kind of physical inventory. Tomita does not obtain operational status of a kiosk, nor does Tomita teach or suggest transacting with a user for any physical item. Rather, Tomita tracks points obtained by a user for services or goods

purchased. Tomita's service point management system does not itself offer these goods or services.

Tomita also does not automatically interact with a user in optical media transactions or communicating between a kiosk and a server to authorize an optical media transaction. Notably, Tomita does not dispense anything or accept return of anything at a kiosk, especially not based upon authorization gained via a kiosk and an internet-linked server.

Clearly, the combination of Newell and Tomita does not teach or suggest every element of claim 1 or, by extension, every element of claims 20-21 24-25 and 27. However, there are additional claim features not taught or suggested by the combined references, including the following:

Claims 24 and 25 recite profiling user transactions at a (first or second) kiosk and communicating advertising information based on the profiling. The Examiner contends that these features are disclosed at Tomita col. 5, lines 14-64, col. 6, lines 26-32 and col. 8, lines 31-52. However, neither these citations, nor any other segment of Tomita, teaches or suggests profiling as taught in the '444 Application, or advertising based upon such profiling.

For example, the '444 Application teaches that "an automated customer profiling system...tracks interactions from customers at either a connected kiosk or at a computer connected to the database server through the Internet. Customers may be profiled according to individual information, such as movie-type preferences." Specification p. 5, lines 31-34.

On the other hand, Tomita teaches only that "service contents may be presented to customers *according to their cumulative points*. Namely, the customers are timely informed of most required information. For this purpose, target commodities nearest to the cumulative points of each customer may be informed." Tomita col. 17, lines 53-60, emphasis added. This is different from profiling, e.g., tracking user preferences, as in **claims 24 and 68**.

Likewise, Tomita does not teach profiling based upon user transactions, as in **claim 25**. Again, Tomita tracks points.

As shown, *prima facie* obviousness is not established by the cited art. We therefore request withdrawal of the rejection of claims 20-21, 24-25 and 27, and allowance of each of these claims.

8.   Newell, Lion, Young and Crapo:

Claim 30 stands rejected as being unpatentable over Newell in view of Lion, Young and further in view of U.S. Patent Application Publication No. 2004/0064371 ("Crapo"). We respectfully disagree and traverse the rejection.

With Lion and Young unavailable as prior art references, the Examiner's rejection of claim 30 hinges on Newell and Crapo. However, Crapo is also not prior art to the '444 Application.

Crapo has an effective date of Aug. 23, 1999, more than one month after the filing date of the '601 Provisional and almost three months after the filing date of the '851 Provisional. The '444 Application therefore antedates Crapo.

We further note that claim 30 depends from claim 1, argued above. The Examiner notes that Newell fails to teach each and every limitation of claim 1. And, each limitation missing from Newell is fully supported by the Parent Provisionals. See arguments in support of claim 1 for examples of the following features in the '601 and '851 Provisionals:

- a kiosk attached to a server via the internet;
- automatically communicating between the kiosk and the server to authorize a transaction;
- dispensing optical media based on the authorization; and
- a touch screen.

Newell and Crapo cannot, alone or together, render claim 1 *prima facie* obvious. By extension, neither do Newell and Crapo establish *prima facie* obviousness over claim 30. Withdrawal of the Examiner's rejection, and allowance of claim 30, are respectfully requested for at least this reason.

9.   Newell, Lion, Young and Peters:

Claims 32 and 33 stand rejected as being unpatentable over Newell in view of Lion and Young, and further in view of U.S. Patent No. 5,769,269 ("Peters") . Given that Lion and Young are not prior art to the '444 Application hinges on Newell and Peters. However, as we have shown, Newell alone fails to teach or suggest all elements of base claim 1 (from which claims 32 and 33 depend). Adding Peters does not provide the missing elements.

For example, Peters also fails to teach or suggest a central server. Instead Peters recites and shows vending machines communicating with a central customer service location via telephone communication and a "customer service representative [who] can service, monitor, and assist the customers by computer modem access from a remote monitoring site on a single phone with a single connection," Peters, col. 3, lines 5-10; see also lines 11-16; see also Fig. 1B, showing a vending machine communicating with a customer service representative over a telephone line. In other words, "The vending machine 30 and CSR 20 share information across telco line 48." Peters col. 5, lines 32-24.

Peters does recite a CSR computer 10. However, this computer is not in a server; it does not serve Peters' vending machines, but instead acts as an intermediary between the machines and a customer service representative 20 (or a franchisee). Instead, the customer service representative 20 attends to the machines, for example by referring to information displayed on the CSR computer 10 or by working through the CSR computer 10. For example, Peters recites the following intermediary actions between machines and people (e.g., customer service representative 20) by computer 10:

> "When a vending machine 30 communicates with the host computer 10, the host computer 10 is able to address a remote password which corresponds to the vending machine ID and *which enables communication from the CSR 20 to the corresponding vending machine 30*." Peters col. 5, lines 45-49, emphasis added.

> "The inventory database is linked to a CSR-based viewing program *so that the CSR operator can view real-time audio and video clips of the titles through the CSR computer 10* and output monitor 12." Peters col. 7, lines 27-30, emphasis added.

> "...the help button automatically connects the customer to the CSR 20 human operator in order to answer questions spoken by a customer via microphone 43...*The CSR operator then has the first option of viewing a still*

frame or real time video picture of the customer taken by a video camera 42; the video image data being fed through modem 23 and teleswitch 2 to CSR computer 10 and displayed on monitor 12." Peters col. 8, line 63- col. 7, line 8, emphasis added.

If a self-diagnostic check indicates that "the machine is available for power on... then the power-on condition occurs and *a power-on status is communicated from CSR 20 to the computer 74* over a telecoline 48. *The status is also provided to the CSR computer 10.*" Peters col. 10, lines 1-6, emphasis added. This status is presumably also provided to CSR computer 10 by customer service representative 20.

"Once the control tests are completed, the status of the system is maintained in a system log 326. The system log status is communicated to the CSR Site *for storage in CSR memory 6*...If the test at step 328 indicates a test failure, then the system automatically tries to connect to the CSR site 20 at step 330 Once communications are established with the CSR Site diagnosis and corrections to the machine can occur remotely. *This occurs through intervention by the CSR site operator* who can remotely test the systems automatically via the CSR computer 10 or vending machine computer 74." col. 11, lines 22-35, emphasis added.

"When telephone service is restored, *the franchisee is then automatically called by the CSR computer 10 regarding the problem.*" col. 16, lines 27-32, emphasis added.

A customer service representative working on or referring to a non-server computer at a customer service location is different from a central server. Peters therefore does not teach claim 1 elements (a) or (b). Contrary to the Examiner's statement, Peters also fails to teach claim element (c), which recites routinely obtaining, at the server, operational status of each of the kiosks. Peters is silent as to a touch screen or a touch-selectable list of media, as in element (d). Element (e) is also not taught or suggested by Peters. Rather than automatically communicating between a kiosk and a central server to authorize a transaction, Peter's vending machine computer 74 communicates with a credit service bureau and dispenses a product upon receipt of authorization from the credit service bureau. Peters col. 8, lines 17-24.

Peters doubly fails to disclose or teach element (f), first because (f) also requires a server, and second because Peters does not accept anything into his vending machines. Likewise, Peters can not and does not teach or suggest element (g), which requires accepting return of a first local optical media into rentable inventory of a second kiosk.

Newell and Peters can not and do not teach or suggest all elements of base claim 1. Therefore, they can not and do not establish *prima facie* obviousness over claims 32 and 33. For at least this reason, we respectfully request withdrawal of the Examiner's rejection, and allowance of claims 32 and 33

10.   Newell, Lion, Young and DeLapa:

Claims 34 and 38-40 stand rejected as being unpatentable over Newell in view of Lion and Young, and further in view of U.S. Patent No. 6,954,732 ("DeLapa"). We again respectfully disagree. Lion and Young are not prior art to the '444 Application and Newell alone fails to teach or suggest every element of base claim 1. Adding DeLapa's coupon delivery system does not supply the features missing from the Newell patent. For example, DeLapa is silent as to the Internet. DeLapa does not recite dispensing optical media or provide a touch-selectable listing of optical media. DeLapa also fails to teach accepting return of anything. Nor does DeLapa recite automatically communicating between a kiosk and a server to authorize a transaction. Rather, an operator manually preselects coupons that will be made available to each household, from a master list of coupons. See, e.g., DeLapa col. 10, line 22- col. 12, line 58; see also DeLapa claim 31. It appears that in DeLapa, a household member is provided with the list of available coupons upon identifying himself or herself. No authorization, as recited in claim 1, is disclosed.

Newell and DeLapa, whether taken alone or in combination, can not and do not establish *prima facie* obviousness over claim 1. If an independent claim is nonobvious under 35 U.S.C. § 103, then any claim depending therefrom is nonobvious. In re Fine, quoted above. Therefore, the rejection of claims 34 and 38-40 also fails. We accordingly request withdrawal of the Examiner's rejection, and allowance of claims 34 and 38-40.

11.   Newell, Lion, Young, DeLapa and Roberts:

Claims 35-37 stand rejected as being unpatentable over Newell in view of Lion, Young, DeLapa and further in view of U.S. Patent No. 6,493,110 ("Roberts"). We again respectfully disagree. Given that Lion and Young are not prior art to the '444 Application, the Examiner's rejection hinges upon the combination of Newell, DeLapa and Roberts. However, Roberts also fails to teach or suggest all of the elements of base

claim 1 and, in addition, <u>Roberts is not prior art to the '444 Application</u>. Roberts has an effective date of April 5, 2000, which is almost eleven months later than the filing date of the after the '851 Provisional and almost nine months later than the filing date of the '601 Provisional. Hence, the '444 Application antedates Roberts.

As shown above, Newell and DeLapa, alone or in combination, do not establish *prima facie* obviousness over claim 1. For at least this reason, claims 35-37 are also nonobvious. In addition, the Examiner specifically notes that Newell and DeLapa are silent with respect to processing promotional codes, as in **claim 35**. **Claims 36 and 37** both depend from claim 35, and hence benefit from this additional argument. *Prima facie* obviousness is not established, and we respectfully request withdrawal of the Examiner's rejections. Allowance of claims 35-37 is also respectfully requested.

12.   Newell, Lion, Young and Dejaeger:

Claim 41 stands rejected as being unpatentable over Newell in view of Lion Young and further in view of U.S. Patent Application Publication No. 2001/0037207 ("Dejaeger"). We again respectfully disagree. Lion and Young are not prior art to the '444 Application; hence, the Examiner's rejection relies upon Newell and Dejaeger alone. However, Newell and Dejaeger, whether taken alone or in combination, do not teach or suggest all of the elements of claim 1, from which claim 41 depends.

The Examiner has already noted multiple claim features not taught by Newell. Dejaeger fails to teach numerous features of claim 1, including several that are absent from Newell. And furthermore, there would be no motivation to combine Newell and Dejaeger.

First, like Newell, Dejaeger does not teach or suggest a kiosk attached to a server via the internet. Dejaeger mentions the internet only as a way to communicate between a central computer 102 and a customer-controlled computer 114, which is not a kiosk. For example, Dejaeger's FIG. 1 shows interface 112 between central computer 102 and customer-controlled computer 114, but not between kiosks 104A – 104N and computer 102. See also Dejaeger p. 2, ¶[0012] and claims 6, 7, 15 and 16. Dejaeger is silent as to any internet link between a kiosk and a server. Dejaeger is also silent as to optical recorded media.

Accordingly, Dejaeger also fails to teach or suggest determining, at the server, inventory of optical recorded media in each of the kiosks. Dejaeger is concerned with processing returns, not with dispensing items from a kiosk. It is not surprising, therefore, that the word "inventory" is not once mentioned in Dejaeger.

Dejaeger also does not teach or suggest routinely obtaining, at the server, operational status of each of the kiosks. Nor does Dejaeger teach or suggest automatically interfacing with a user via a touch screen – indeed, Dejaeger specifies that "The kiosk 104 includes a **keyboard 202** and a display 204 for customer communication." page 2, ¶[0013]. Accordingly, Dejaeger also fails to teach or suggest a touch-selectable listing of media. As mentioned above, Dejaeger does not pertain to (or mention) transactions for optical recorded media or any other goods contained within a kiosk. Dejaeger provides goods only when a replacement is desired for a returned item. In this case, the replacement is ordered and delivered, or a human operator fetches the replacement and gives it to a customer. See Dejaeger page 1, ¶¶[0004] and [0011].

Since Dejaeger is concerned with processing of goods and not transactions for media or other physical products, and since Dejaeger nowhere mentions optical recorded media, Dejaeger can not and does not teach or suggest automatically communicating between a kiosk and a server to authorize a transaction for optical recorded media. Dejaeger likewise does not teach or suggest dispensing optical media from a kiosk upon approval of such a transaction. Again, in Dejaeger, the only "goods" provided are replacements for returned objects, which are either ordered or retrieved and delivered by a human operator. Dejaeger's kiosks do not dispense goods.

Finally, Dejaeger does not accept return of optical media into rentable inventory of a kiosk. Dejaeger is silent as to inventory, rentals or optical media.

Dejaeger fails to teach or suggest each and every one of claim 1 elements (a)-(g). See arguments in support of claim 1, above. The Examiner has already noted that Newell alone does not teach or suggest all of claim elements (a)-(g); hence the combined references also cannot and do not render claim 1 *prima facie* obvious.

Claim 41 depends from claim 1 and benefits from like argument. Furthermore, contrary to the Examiner's assertion, Dejaeger does not teach or suggest administering

kiosk business data through a remote web-interface. Respectfully, Dejaeger describes no such step, at the paragraphs cited by the Examiner or elsewhere. Rather, cited paragraph [0014] recites interfacing between a customer-controlled computer 114 (which is different from kiosks 104A-104N, see FIG. 1) and central computer 102. There is no mention of administering kiosk business data. Indeed, kiosks are skipped altogether and communication is solely between the remote computer and the central computer, and the subsequent return transaction does not involve the kiosk, but rather a human operator:

> "The remote computer 114 may suitably communicate with the central computer 102 through the use of standard software such as a web browser software package, which allows transfer of information via the Internet between the remote computer 114 and the central computer 102, or modem software, which allows direct transfer of information between the remote computer 114 and the central computer 102. The central computer 102 may suitably transmit a custom-designed standard data entry form with fields for customer and product information, desired time, date and location of the return, and reason for the return. The central computer then stores this information for later use, and also transmits it to a human operator through a terminal 106 or printer 108 as illustrated in FIG. 1." Dejaeger p. 2 [0014]; see also FIG. 1.

At paragraph [0015], Dejaeger briefly discusses communication between central computer 102 and a kiosk 104, but there is no mention of a web interface, or the Internet.

Claim 41 is believed nonobvious in view of Newell and Dejaeger, not only because the limitations of claim 41 are not taught or suggested, but also because Newell and Dejaeger fail to establish a case of *prima facie* obviousness over base claim 1. Withdrawal of the Examiner's rejection, and allowance of claim 41, are respectfully requested.

ADDITIONAL CLAIMS

The Examiner states that claims 63-68, 70 and 71 are substantially similar and thus rejected under similar grounds as presented for claims 1-41. See Office Action p. 29, final paragraph. We therefore submit that the above arguments equally apply to these claims. We Therefore respectfully request withdrawal of the Examiner's rejection, and allowance of claims 63-38, 70 and 71.

RESPONSE TO ARGUMENTS

We thank the Examiner for taking the time to respond to Applicant's prior arguments.

CONCLUSION

All of pending claims 1, 3-7, 9-21, 23-41, 63-68, 70 and 71 are believed allowable over the cited references. We have shown that Lion, Young, Crapo and Roberts are not prior art to the '444 Application and that regardless of how they are combined, the remaining references cannot and do not establish *prima facie* obviousness over any pending claim. We therefore respectfully solicit a Notice of Allowance for all of claims 1, 3-7, 9-21, 23-41, 63-68, 70 and 71.

Should any issues remain outstanding, the Examiner is encouraged to telephone Applicant's attorney, Curtis A. Vock, at (720) 931-3011 to schedule an interview and/or to discuss the remarks presented herein. We respectfully request the Examiner's call prior to the mailing of any Advisory Action.

No fees are believed due; however, if any fee is deemed necessary in connection with this Amendment and Response, the Commissioner is authorized to charge such fee to Deposit Account No. 12-0600.

Respectfully submitted,

Date: _March 16, 2007_

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